Annual Report

2001/02

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Tourism British Columbia has achieved outstanding results from their study of employee satisfaction and the work environment. Recognizing the important connection between effective service delivery and a well-engaged workforce, Tourism British Columbia has a solid foundation as they continue to provide tourism destination management expertise.

Wayne Strelioff, CA
Auditor General of British Columbia

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Highlights 2001/02

Despite formidable challenges, Tourism British Columbia can point to many corporate accomplishments in the past fiscal year. Some notable achievements are:

- Tourism British Columbia continues to demonstrate solid financial management, as evidenced by a lack of corporate debt and a track record of unqualified audits annually.
- From a total outlay of $6.2 million, the 2001 BC Escapes® program saw $62 million in direct visitor spending, representing a return on investment of 10:1.
- Tourism British Columbia achieved an overall stakeholder satisfaction rating of 3.84 out of 5 in a 2001 Stakeholder Survey conducted by Malatest and Associates.
- Re-acquired Beautiful, British Columbia Magazine, an award-winning publication receiving recent recognition as having the "Best Ever Cover" by the Canadian Magazine Publishers Association.
- In polling staff of Tourism British Columbia 96% of employees stated they are proud to tell others they are part of Tourism British Columbia, 93% have confidence in the leadership, and 91% believe Tourism British Columbia is a great place to work.
- The Visitor Info Centre at Vancouver International Airport serviced over 400,000 visitors in Tourism British Columbia's first year of management.
- Travel Media Relations produced $85.8 million in unpaid media coverage for British Columbia worldwide.
- Provided leadership for the British Columbia Airline Industry Consortium through research and communication, achieving much needed national attention.
- Tourism British Columbia hosted the DERTOUR Reisakademie along with Tourism Vancouver and the Canadian Tourism Commission, which saw over 700 German travel agents become familiar with tourism products in British Columbia and Canada.

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Chair's Message

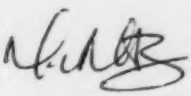
The year 2001 will never be forgotten, and the impacts of world events affected us all, as individuals, organizations and communities.

Never before has the tourism industry been affected as much as by the tragedy of September 11. We have long recognized the importance of strong partnerships, but in the weeks following, the British Columbia tourism industry demonstrated a level of cooperation and resolve that is essential for our long term success.

One strong commitment the provincial government is to be congratulated on is its support for the industry leadership of Tourism British Columbia. Fulfilling his promise, Premier Campbell has ensured that all 15 seats on the Tourism British Columbia Board are industry-nominated and industry-elected. This private/public partnership has demonstrated outstanding results over the years, and the vote of confidence from government that the model is working will provide a sound foundation for future strategic growth.

A solid foundation has never been more important, as external factors create new challenges for British Columbia's tourism industry. Through continued innovation, partnership and planning, I believe we will be able to maintain and grow our competitiveness.

The outcome of this most unusual year is summarized in our Annual Report. I would like to offer my sincere thanks to all staff and my fellow Board members for their commitment and determination throughout this past fiscal year.



Michael Duggan
Chair, Board of Directors

President's Message

Under normal circumstances, $9.2 billion in revenue and 22.4 million visitors would be considered an excellent year for tourism. However, these figures represent the first time the British Columbia industry did not meet or exceed original projections. The terrible tragedy of September 11 was joined by several other influencing factors, such as airline industry instability and economic downturns in various markets throughout the world that had immediate and continuing impacts on British Columbia's tourism industry.

Notwithstanding these challenges, several positives can be identified. First, the decrease in revenue our industry experienced as a destination was not as dramatic as was felt by several of our competitors around the globe. There is no doubt the diversity and quality of our winter product played an important part in minimizing impacts, and demonstrates the value of developing a broad range of products throughout the province, across all seasons.

Continued accessibility to British Columbia via land and air was an advantage, although long-term border security practices need to be developed that have the least impact on visitors' experiences. The airline issue is more complex, as the evolution of the Canadian air industry and related policies unfold. Tourism British Columbia is proud of the contributions we have made to this important national discussion.

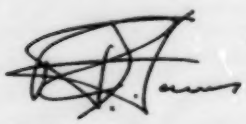
However, I believe the test of how British Columbia's tourism industry performed in this past year comes from answering two key questions: What did we do as an industry to react to September 11, and how did our equity in primary markets perform for us?

Never before have I seen our industry come together to address such major issues, as they did following September 11. The leadership, spirit of cooperation and joint actions have established the foundation for a solid recovery.

Through years of cooperative marketing with our many partners, the equity in our Super, Natural British Columbia* brand has positioned British Columbia to successfully compete with other leading destinations for the limited dollars of prospective visitors.

As an individual organization, Tourism British Columbia's contribution to our industry's recovery is described throughout this Annual Report.

My personal thanks to our industry partners, our Board and our staff for their resolve through a difficult year, and I look forward to a return to growth for our industry.



Rod Harris
President and Chief Executive Officer

*Official Mark of Tourism British Columbia

Organization Overview

Tourism British Columbia is an independent Crown corporation that operates under the direction of an industry-led Board of Directors and is responsible for marketing Super, Natural British Columbia* to the world.

Our vision is to be a recognized world leader in tourism destination management. The organization works cooperatively with industry partners to promote the development and growth of British Columbia's tourism industry and ensure its long-term success. Tourism British Columbia's mission is to exceed our customers' expectations by providing leadership and programs that ensure the success of the British Columbia tourism industry, resulting in a quality visitor experience.

Our Corporate Values are: **Integrity** – what we bring as individuals;
Enthusiasm – what we portray;
Teamwork – how we work together; and
Progressive – what we strive for.

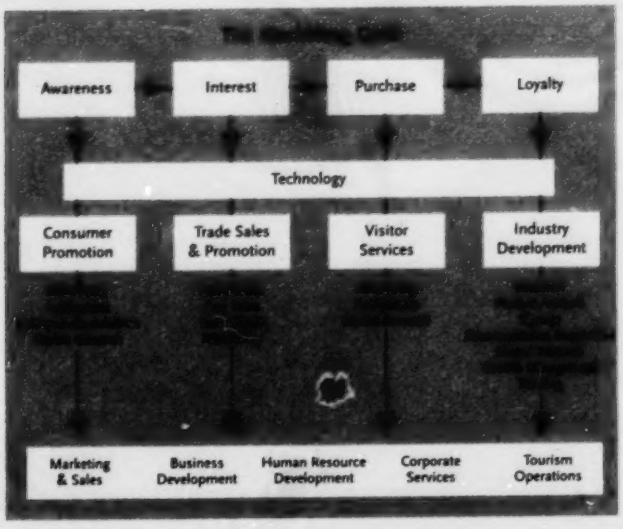
Tourism British Columbia is recognized as a leader in tourism marketing and development, working in partnership with the province's fast-growing tourism industry.

An Industry-led Crown Corporation
Tourism British Columbia became an independent Crown corporation effective April 1997, and is responsible to the Minister of Competition, Science and Enterprise. The corporation is governed by an industry-led Board of Directors with full management, financial and legal authority. In March 2002, new Board appointments reflected Premier Gordon Campbell's commitment to the Council of Tourism Associations that all members of the Tourism British Columbia Board be nominated by the industry, from the industry, to speak for the industry.

Funding is based on a percentage of the provincial Hotel Room Tax, with revenues increasing or decreasing with the tourism sector.

Tourism British Columbia Purpose
As prescribed by the *Tourism British Columbia Act*, the Corporation's purpose is *to promote development and growth in this vital sector, to increase revenues and employment throughout British Columbia, and to increase the economic benefits generated by the tourism industry.*

Tourism British Columbia Mandate
All stages of the marketing cycle are addressed as determined by the Mandate under the *Act*.



The corporation is responsible for:

- Marketing British Columbia as a tourism destination
- Providing information services for visitors
- Encouraging enhancement of standards of visitor accommodations, facilities, services and amenities
- Enhancing professionalism in the tourism industry
- Encouraging and facilitating the creation of jobs in the tourism industry
- Collecting, evaluating and disseminating information on tourism markets, trends, employment, programs and activities and on availability and suitability of infrastructure and of services that support tourism activities
- Generating additional funding for tourism programs

Programs

With its private sector partners, the organization embraces a consumer-driven approach to marketing, helping industry bring the right products and services to market – at home and abroad.

Marketing & Sales – develop consumer-driven strategies that target key geographic markets to increase demand for Super, Natural British Columbia* as a preferred travel destination.

Visitor Services and Sales – provide information to travelers via Visitor Info Centres, HelloBC.com, the toll-free Super, Natural British Columbia Reservation and Information Service, and distribution of British Columbia travel guides to points all over the world.

Accommodation Services and Standards – encourage enhancement of visitor accommodations, facilities, services and amenities in British Columbia through inspection and star rating systems. Approved properties are featured in the British Columbia Approved Accommodations Guide.

Education and Training – build a professional, well-trained workforce to ensure consumer loyalty and repeat business. Deliver world-class training programs such as SuperHost*.

Research and Economic Analysis – provide research to industry partners for measurement, evaluation and management of growth in all sectors.

Business Development – responsible for consumer, corporate and industry communications, as well as the development of new revenue-generating opportunities.

Measuring Performance

To ensure Tourism British Columbia continues to be responsive to the needs of the tourism industry, performance measures have been incorporated at three key levels: industry performance, corporate performance, and individual business unit performance in each of the organization's operating divisions.

Industry Performance

Industry performance is gauged by an extensive combination of indicators with particular focus on accommodation statistics such as room revenue, occupancy levels and average daily rates. In addition, Tourism British Columbia monitors visitation through customs entries, airport arrivals, cruise ship activity, attendance at provincial parks, ferry traffic, highway traffic and visitor party information gathered throughout the provincial Visitor Info Centre network.

Corporate Performance

Tourism British Columbia's corporate performance is measured through an annual Stakeholder Survey administered by a third-party professional research organization, involving feedback from over 400 randomly selected industry stakeholders each year. The corporation's performance target is to achieve a minimum satisfaction level of 3.5 out of a maximum of five.

Business Unit Performance

In each of the corporation's core business functions, approved performance measures have been established relating to the specific activities, objectives and goals as defined in the annual business plan.

*Official Mark of Tourism British Columbia

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The calendar year 2001 saw British Columbia's decade-long trend of tourism growth come to an end. Though the industry was tracking for another increase through the first three quarters of 2001, the impacts of September 11 had an immediate negative impact on visitation. Overall revenue for the year saw a decline to $9.2 billion, down 2.3% from the previous year's all-time high of $9.5 billion. Notwithstanding this, the industry continues to be a major contributor to British Columbia's economy, with 111,890 people employed in jobs directly related to tourism in 2000.

The Year in Review

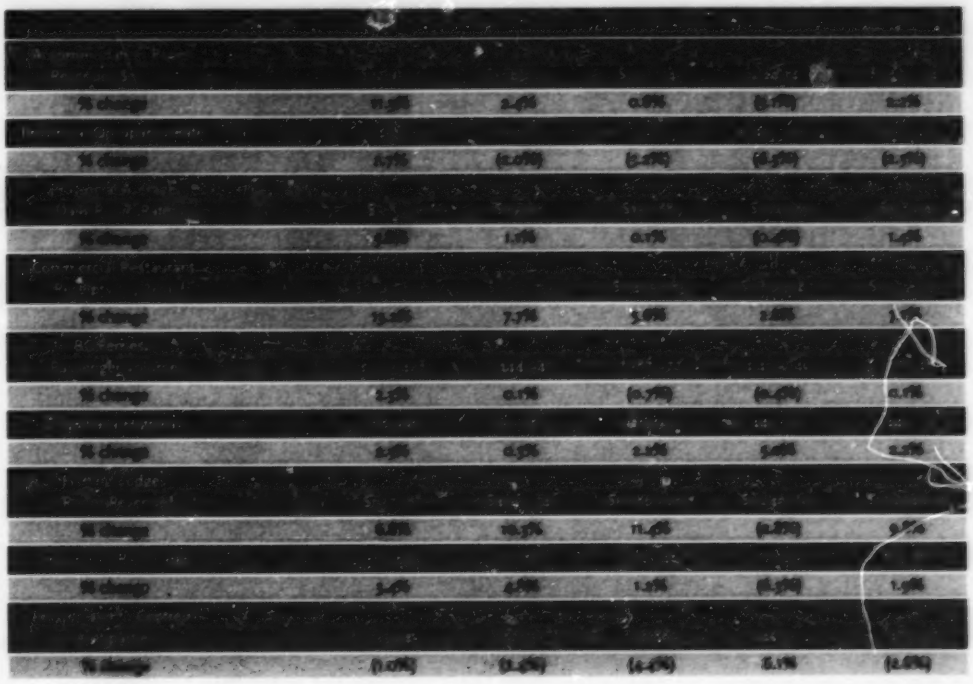
Tourism British Columbia's Research Unit tracks a number of key indicators to capture a comprehensive picture of industry performance each year. The table below shows customs entries data from British Columbia's primary international markets. The percentage shown indicates the increase or decrease in activity over calendar year 2000.

Final statistics for 2001 show that overnight entries from the United States were up 0.4% for the year, with Asia/Pacific down 3.5% and Europe down 6.2%. Overall, Overnight Customs Entries were down 0.9% from all international markets.

% change	7.3%	(4.1%)	(1.0%)	(16.8%)	(3.5%)	(8.8%)
Japan	50,057	64,331	97,978	40,549	252,915	418,445
% change	3.5%	(7.3%)	(3.3%)	(27.0%)	(7.9%)	(17.6%)
Taiwan	21,946	34,634	35,478	13,805	105,863	116,915
% change	4.5%	(25.2%)	(33.6%)	(47.2%)	(27.9%)	(28.6%)
Hong Kong	15,499	27,068	30,839	13,915	87,321	126,929
% change	5.8%	3.4%	(2.5%)	2.8%	(0.8%)	(10.4%)
Australia & New Zealand	26,757	37,781	40,846	20,734	126,118	197,174
% change	10.7%	2.2%	(2.6%)	(20.6%)	(2.2%)	(6.4%)
South Korea	16,551	25,801	39,488	17,332	99,172	142,843
% change	17.1%	8.8%	15.8%	18.9%	15.1%	6.8%
China	11,164	15,132	24,068	13,353	63,717	81,293
% change	46.2%	15.7%	41.1%	8.3%	88.0%	10.7%
% change	4.2%	(1.2%)	(3.0%)	(3.7%)	(2.1%)	(1.4%)
United Kingdom	36,112	64,027	82,727	32,198	215,064	849,048
% change	10.5%	(2.5%)	(10.2%)	(3.1%)	(3.8%)	(3.4%)
Germany	9,009	25,735	48,048	11,952	94,744	341,118
% change	1.7%	(13.9%)	(11.0%)	9.5%	(8.0%)	(11.9%)
Netherlands	2,642	10,036	16,116	3,881	32,675	115,936
% change	(14.0%)	(5.9%)	(4.7%)	2.1%	(5.6%)	(9.7%)
Switzerland	2,120	4,399	9,134	1,822	17,475	96,615
% change	2.1%	(3.7%)	(14.0%)	(20.5%)	(12.2%)	(6.5%)
France	1,966	3,779	7,083	1,844	14,672	360,661
% change	(0.4%)	(5.4%)	(7.4%)	(1.0%)	(3.0%)	(4.8%)
% change	5.2%	(0.7%)	(3.2%)	(4.0%)	(1.5%)	(0.1%)

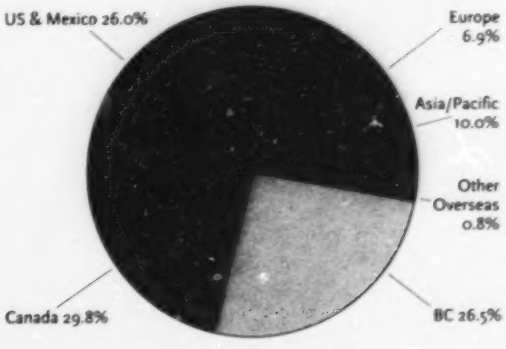
Other Tourism Industry Performance Indicators

Given a wide variety of businesses directly linked to tourism, performance is best measured by cross-referencing a number of indicators that relate to overall tourism activity.

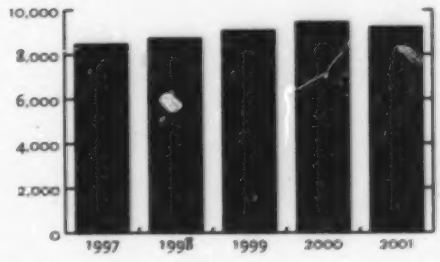


Industry Revenue

Overnight Visitor Revenue to BC 2001
Total $9.2 billion



Overnight Visitor Revenue to BC 1997- 2001
($millions)



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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total 2001	Canada's Total 2001
US Customs Entries	605,025	960,210	1,469,375	587,660	3,622,270	15,528,846
% change	**5.0%**	**1.9%**	**(1.8%)**	**(0.9%)**	**0.4%**	**2.0%**
Asia/Pacific Overnight Customs Entries	155,942	243,036	308,694	138,875	846,547	1,392,757
% change	**7.3%**	**(4.1%)**	**(1.0%)**	**(16.6%)**	**(3.5%)**	**(8.8%)**
Japan	50,057	64,331	97,978	40,549	252,915	418,445
% change	**3.9%**	**(7.3%)**	**(3.3%)**	**(27.0%)**	**(7.9%)**	**(17.6%)**
Taiwan	21,946	34,634	35,478	13,805	105,863	116,915
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Hong Kong	15,499	27,068	30,839	13,915	87,321	126,929
% change	**5.8%**	**3.4%**	**(8.5%)**	**2.8%**	**(0.8%)**	**(10.4%)**
Australia & New Zealand	26,757	37,781	40,846	20,734	126,118	197,174
% change	**10.7%**	**2.2%**	**(2.6%)**	**(20.0%)**	**(2.2%)**	**(6.4%)**
South Korea	16,551	25,801	39,488	17,332	99,172	142,843
% change	**17.1%**	**6.6%**	**19.8%**	**16.9%**	**15.1%**	**6.8%**
China	11,164	15,132	24,068	13,353	63,717	81,293
% change	**28.4%**	**16.7%**	**45.2%**	**8.5%**	**26.1%**	**10.7%**
Europe Overnight Customs Entries	62,524	130,193	197,930	61,181	451,828	2,243,162
% change	**4.4%**	**(6.6%)**	**(9.0%)**	**(5.7%)**	**(6.2%)**	**(7.4%)**
United Kingdom	36,112	64,027	82,727	32,198	215,064	849,048
% change	**10.9%**	**(2.5%)**	**(10.2%)**	**(3.1%)**	**(3.8%)**	**(3.4%)**
Germany	9,009	25,735	48,048	11,952	94,744	341,118
% change	**1.7%**	**(13.9%)**	**(11.0%)**	**9.9%**	**(8.6%)**	**(11.9%)**
Netherlands	2,642	10,036	16,116	3,881	32,675	115,936
% change	**(24.8%)**	**(6.9%)**	**(4.7%)**	**2.1%**	**(6.6%)**	**(9.7%)**
Switzerland	2,120	4,399	9,134	1,822	17,475	96,615
% change	**8.2%**	**(7.7%)**	**(24.0%)**	**(30.7%)**	**(18.2%)**	**(6.5%)**
France	1,966	3,779	7,083	1,844	14,672	360,661
% change	**20.0%**	**(15.8%)**	**(16.4%)**	**(12.1%)**	**(12.1%)**	**(10.8%)**
All Overnight Customs Entries						
% change	**5.2%**	**(0.1%)**	**(2.2%)**	**(4.6%)**	**(0.9%)**	**(0.1%)**

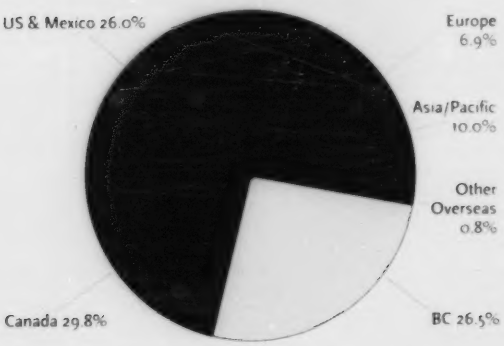
OTHER TOURISM INDUSTRY PERFORMANCE INDICATORS

Given a wide variety of businesses directly linked to tourism, performance is best measured by cross referencing a number of indicators that relate to overall tourism activity.

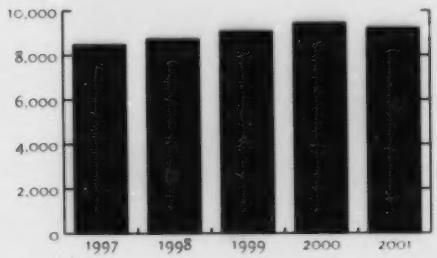
Accommodation Room Revenue ($000's)	$326,673	$366,660	$535,774	$244,343	$1,473,354
% change	11.3%	2.4%	0.6%	(5.1%)	2.2%
Provincial Occupancy Rate	54.9	62.6	73.2%	46.2%	59.5%
% change	2.7%	(2.0%)	(3.2%)	(6.3%)	(2.3%)
Provincial Average Daily Room Rate	$118.27	$115.68	$130.88	$102.28	$118.23
% change	5.8%	1.1%	0.1%	(0.4%)	1.4%
Commercial Restaurant Receipts ('000 $)	$1,227,806	$1,312,733	$1,[illegible]5,683	$1,230,087	$5,176,309
% change	13.2%	7.7%	5.6%	2.8%	7.1%
BC Ferries - Passenger Volume	4,003,428	5,444,940	7,387,977	4,469,142	21,305,487
% change	2.3%	0.1%	(0.7%)	(0.4%)	0.1%
Coquihalla Highway	368,996	513,58[illegible]	386,8[illegible]	44[illegible],677	2,443,056
% change	2.5%	0.3%	2.2%	5.0%	2.2%
Fishing Lodges (Room Revenue)	$637,18[illegible]	$4,521,74[illegible]	$10,869,260	$1,246,039	$17,274,228
% change	6.8%	10.3%	11.4%	(2.8%)	9.8%
Provincial (B.C.) Parks	[illegible],[illegible]62	200,864	622,348	12,709	835,38[illegible]
% change	3.4%	4.8%	1.2%	(6.3%)	1.9%
Provincial Info Centres - # of parties	133,245	382,753	808,889	148,330	1,473,217
% change	(1.0%)	(2.4%)	(4.4%)	6.1%	(2.6%)

Industry Revenue

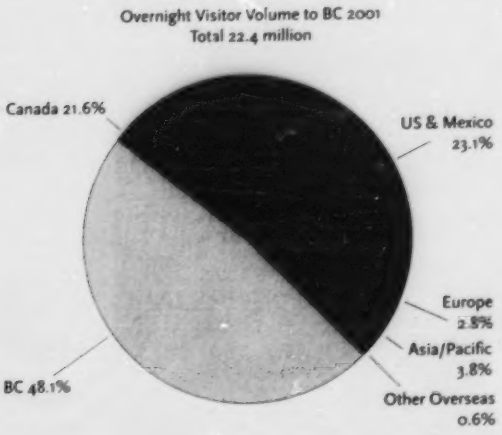
Overnight Visitor Revenue to BC 2001
Total $9.2 billion

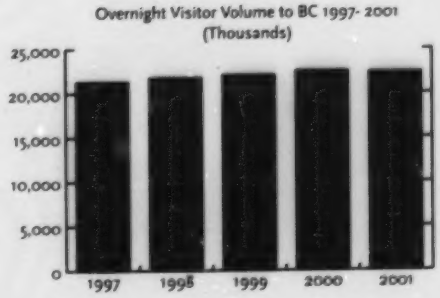


Overnight Visitor Revenue to BC 1997- 2001
($millions)

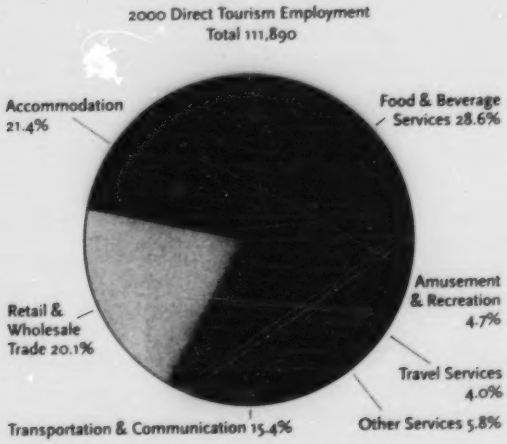


Visitation

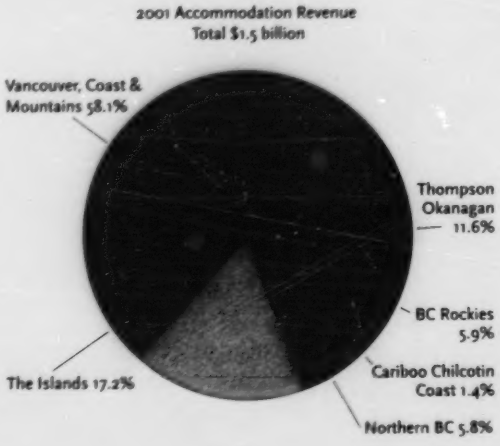


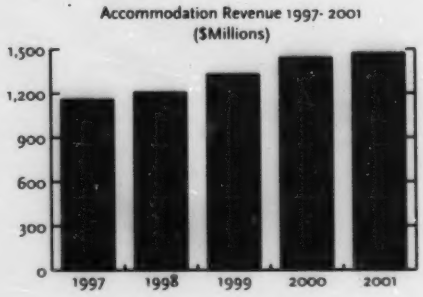


Employment

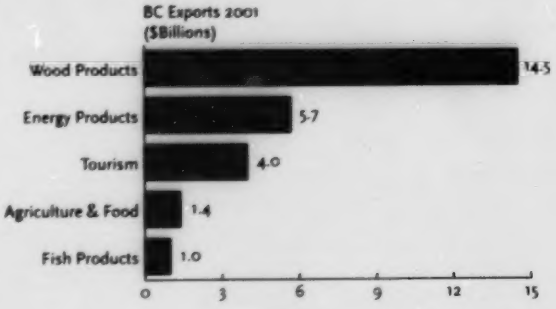


Accommodation Revenue





BRITISH COLUMBIA Exports



Tourism British Columbia Corporate Performance

Response to September 11, 2001

Over the last several months of 2001 and early 2002, Tourism British Columbia reviewed strategic priorities to contain costs to ensure maximum efficiency corporate-wide, with a focus on implementing short-term business actions. This included a $1.96 million budget reduction in fiscal 2002. Spending was reduced in more than 20 program areas throughout the corporation.

The reductions included:

- A freeze on salary increases and hiring
- A reduction in staff travel and capital spending
- 38% reduction in Board expenses
- Cuts to research and human resource development
- Across-the-board reductions in all internal departments including Business Development, Marketing and Sales and Tourism Operations

A positive outcome was increased direct interaction with operators, and more comprehensive tracking of key information to assist Tourism British Columbia and the industry.

This has proven to be advantageous as increased marketing spending by direct competitors, increased oil prices, volatile world economies and airline industry restructuring continue to create challenges in attracting new visitors to British Columbia. A further obstacle is that the organizations Tourism British Columbia has traditionally partnered with also have reduced funding. This will impact Tourism British Columbia's ability to maximize cooperative marketing opportunities, traditionally one of the most important components of British Columbia's success.

Milestones

Tourism British Columbia has now completed its first five-year strategic planning cycle as an industry-led Crown corporation. As demonstrated by achievements throughout this period, the organization has a firm commitment to fulfilling its purpose and mandate, in building tourism business throughout British Columbia. In addition to performance measures in all program areas, the success of Tourism British Columbia is highlighted by external recognition received over the past five years.

Professional Recognition

2002: Nomination of Rose Moss, Director, Human Resource Development for the British Human Resource Management Association Award of Excellence

2001: Canadian Marketing Association Gold Award – Direct Marketing, Leisure/Travel Products Category for BC Escapes®

2001: Canadian Magazine Publishers Association recognised Beautiful British Columbia Magazine as "Best in Show" all time great Canadian magazine covers

2000: Pacific Asia Travel Association Gold Award in International Marketing

1999: American Marketing Association, British Columbia Chapter – Marketer of the Year

1998: Canadian Direct Marketing Association Gold Award – International Programs

SuperHost* – 15 Years of Excellence

SuperHost* was developed in preparation for EXPO 86 as a customer service training program. It is an internationally recognized tool for customer service training that has seen over 600,000 participants in British Columbia since its inception, and is widely used throughout the world.

SuperHost* has been licensed to several destinations, demonstrating that British Columbia is competitive in the export of customer service excellence. Among these destinations are England, Wales, Scotland, New Zealand, Australia, Alaska, Hong Kong, Ontario, Northwest Territories, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

*Official Mark of Tourism British Columbia, ® Registered Trademark of Tourism British Columbia.

Super, Natural British Columbia* – 25 Years of Distinction

Super, Natural British Columbia was launched as a brand in 1978. More than $500 million has been invested by both the public and private sectors in making this one of the most identifiable international brands in Canada.

Findings from a recent research study conducted by Roger Barnes Marketing Planning show the Super, Natural British Columbia brand has strong familiarity with prospective travelers in key target markets.

Specifically in British Columbia, 95% of British Columbians recall the Super, Natural British Columbia brand, which places it among popular brands such as Volkswagen's "Drivers Wanted" and Kodak's "Share Moments" that were also included in the survey. Recognition for Super, Natural British Columbia is almost 50% greater in awareness than all other competitive jurisdictions.

Also of great importance is that 75% of respondents thought that travel to a destination described as "Super, Natural" was appealing, and 8 in 10 respondents thought it was a good description of British Columbia.

Brand Recall				
British Columbia – Super, Natural British Columbia	95	78	55	35
Ontario – More to Discover	57	60	18	94
Canada – Discover Our True Nature	46	52	34	40
Vancouver – Spectacular by Nature	56	34	44	29
Alberta – Here's What You Have Been Waiting For	15	28	15	31
Texas - It's Like A Whole Other Country	26	28	45	28
California: Find Yourself Here	19	24	35	15
Florida – F.L.A. U.S.A.	14	21	15	30
Washington State - Four Borders. No Boundaries	23	10	19	18
Volkswagen – Drivers Wanted	91	83	85	90
Kodak – Share moments. Share life	72	78	71	75
Travelocity - Go Virtually Anywhere	37	44	51	35
Visa – How the world pays	41	51	35	40

British Columbia Approved Accommodation Guide – 75 Years of Progress

In 2001, Tourism British Columbia celebrated the 75th anniversary of the British Columbia Approved Accommodation Guide, which continues to be one of the province's strongest marketing tools, featuring more than 2,900 inspected and approved properties and 422 Canada Select rated establishments.

Over the decades, millions of guides have been used by travelers from around the world to plan their Super, Natural British Columbia vacation.

*Official Mark of Tourism British Columbia

Business Unit Performance Report 2001/02

Business Unit performance outcomes reflect objectives and measures established in Tourism British Columbia's 2002/04 Service Plan, which along with the Annual Reports for 1999/00 and 2000/01, may be accessed via Tourism British Columbia's corporate website **www.tourism.bc.ca**. The Tourism British Columbia Service Plan for the period 2002/03 – 2004/05 is also available from this website. All materials are also available upon request from Tourism British Columbia.

Marketing and Sales

The Marketing and Sales team works with industry partners to develop and deliver cost effective consumer and trade marketing programs. Tourism British Columbia's programs are designed to satisfy the various consumer interests and purchasing behaviour exhibited in each of our core North American and overseas markets. In building these diverse activities, the overriding goal is to build tangible business results for the tourism industry throughout the province.

The events of September 11 affected economic conditions and consumer confidence in travel around the world. Accordingly, overall performance highlights for 2001/02 are a combination of achievements prior to September 11 and performance in the aftermath of the tragedy.

Following the impact of such a significant event, gathering information on consumer confidence and travel intentions was of critical importance. As a result, Tourism British Columbia led the development and implementation of a new monthly tour operator tracking system designed to monitor current and future booking patterns of travelers from 123 of the key tour operators located in core markets around the world.

In addition, consumer research conducted by the Canadian Tourism Commission and other travel organizations was reviewed to gain insight to those markets and types of messaging that would deliver short and medium term business. Collecting new information from the consumer and travel trade allowed us to review the effectiveness of Tourism British Columbia's marketing activities to ensure the best programs were put in place.

> *The BC Escapes® program has consistently delivered increasing business to the hotel sector over the past few years. Not only does it benefit participating properties, but it also promotes the broader options to visit the province overall. We look forward to participating in this successful initiative as it evolves in the future.*
> ***Stephen M. Darling***
> ***General Manager, The Westin Grand Vancouver***

Tourism British Columbia, in partnership with industry, developed and implemented a new $1 million winter newspaper campaign in North America targeted at the Seattle, Calgary and Toronto markets. Well targeted, integrated, direct response campaigns such as BC Escapes® were also confirmed as relevant to the prevailing market conditions. Accordingly, the BC Escapes® campaign was launched as originally planned in February 2002 with results for the first quarter of the 2002/03 fiscal year exceeding targets. BC Escapes® continues to build on previous success that produced $62 million in tourism revenue in 2001, an increase of 44% from the spring of 2000.

The Tourism Partners Program, which is delivered together with British Columbia's six tourism regions, saw over 1000 businesses cost effectively reach high potential consumers from close in markets. Over 250 distinct advertising campaigns were executed and 1.6 million regional vacation planners and product sector guides were put in the hands of interested consumers.

Due to the concerns about travel to other parts of the world, we saw a significant increase in interest from travel media located in Canada and the US, that led to 148 press trips to British Columbia and over $67.6 million of unpaid media.

® Registered Trademark of Tourism British Columbia.

From an overseas perspective, the severe lack of consumer confidence and economic challenges in Asia/Pacific markets led to a reduction in planned winter/ski activities. A positive highlight was the live broadcast of the popular Australian morning news program, The Today Show, from western Canada in May. This broadcast reached a total of one million viewers per day for a five day period and provided an estimated advertising equivalency value of $3.2 million. In conjunction with the Today Show, an extensive cooperative advertising and public relations media campaign was executed with travel trade partners who generated directly related packaged tour sales valued at $3 million.

In Europe, the United Kingdom remained a strong and confident travel market allowing for program activities to continue with particular emphasis placed on the ski sector following September 11. In the United Kingdom and Germany, our participation with the CTC in the winter consumer advertising program continued. This campaign produced a total of 41,000 inquiries regarding travel to Canada and British Columbia.

Of the many activities undertaken in Europe, a key initiative was the DERTOUR Reisakademie held in Vancouver from November 28 to December 10, successfully hosted in partnership with Tourism Vancouver and the CTC. DERTOUR is the largest travel agency chain in Germany and each year for the past 29 years has taken their travel academy of 700 top travel agents to different locations in the world. Along with co-hosting the event, Tourism British Columbia was responsible for the opening ceremonies, two First Nations evenings, and several pre-and-post tours that saw a total of 350 agents participate in 16 separate tours in various parts of British Columbia. Each host destination becomes the "Destination of the Year" for DERTOUR in the following year, and traditionally sees improved business results following the year the academy was held.

Along with hosting key events, Tourism British Columbia representatives continued to develop strong relationships with the travel trade and travel media in all our overseas markets. To assist key tour operators in reaching their target audience, 65 trade promotional programs were introduced. In travel media, Tourism British Columbia hosted 71 overseas press trips and achieved $ 18.2 million of unpaid media.

In the face of major challenges and the resulting increase in competitive activity, effective partnership efforts have never been more essential. In fiscal 2001/02, Tourism British Columbia was able to further increase a direct marketing investment of $8 million to more than $23.5 million through partnerships with industry and other tourism organizations. This level of investment allowed Tourism British Columbia and our industry partners to achieve a greater level of market impact.

Marketing and Sales Goals

- Develop British Columbia's tourism potential from primary target markets among high potential travelers across a range of product experiences.
- Spread the economic benefits of tourism throughout the province and across seasons.
- Leverage financial resources to achieve optimum presence and provide opportunities for tourism businesses to collectively reach target markets.
- Increase number of trips, length of stay and consumer spending levels.

Marketing and Sales: North America

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Contribute to the British Columbia tourism industry's revenue growth of 2.9% from North America.	Use advertising & promotion, publications, media relations, trade shows and education to reach consumers and trade.	Total North America revenue declined 1.5%, comprised of : British Columbia -1% Other Canada -3% US -0.6%	The events of September 11 immediately resulted in decreased visitation from US markets. The combination of consumer hesitation to travel and reduced air capacity meant fewer visitors in the last three months of 2001.
Increase getaway business to British Columbia in spring and fall from priority markets by generating $45 million in tourism revenues through the BC Escapes® program, with inquiries increasing by 5% and bookings by 6% over last year.	Offer specially priced packages to consumers in high potential markets, using a range of cost effective, integrated media. Vehicles include Direct Response TV, print, online, direct mail and media relations.	The 2001 BC Escapes® campaign generated $62 million in tourism revenue. Inquiries up 26%. Bookings increased 24%.	Awarded a Gold Award for the direct mail campaign in the Leisure/Travel Products & Services category at the Canadian Marketing Association's RSVP Awards.
Build tourism revenues throughout the province and across sectors by providing cooperative marketing opportunities for over 1000 tourism businesses through the Tourism Partners Program and sector specific activities.	Support regionally focused marketing activities such as advertising, publications, consumer and trade shows. Sectors include touring, golf, ski, fishing, outdoor and adventure.	Achieved participation of 1040 tourism businesses in co-op activities through Tourism Partners.	Tourism British Columbia's $3.5 million investment was leveraged into projects valued at $5.2 million. This included over 250 distinct ad campaigns and the production and distribution of 1.6 million copies of guides featuring touring, golf and outdoor activities in British Columbia's six tourism regions.
Maintain a minimum 40% British Columbia share of Canadian tours in key tour operator brochures.	Work with tour operators to introduce new product and expand sales of existing product. Develop co-op marketing campaigns with key accounts.	2001 listing analysis showed British Columbia product represented 40.2% of Canadian tours and 42% of Canadian pages within key account brochures.	The impact of September 11 may result in tour operators downsizing their product offerings in 2002.
Achieve a doubling of applied marketing investment through industry leverage.	Partner with the CTC, DMO's and other tourism businesses to develop programs that achieve critical mass.	Leveraged North America working investment of approx $6 million into $15 million worth of programs benefiting British Columbia.	

Marketing and Sales: Overseas (Asia/Pacific and Europe)

Contribute to British Columbia tourism industry's revenue growth of 4.7% (Asia) and 2.1% (Europe) for 2001.	Assist tour operators with the sale of BC product. This involves introduction of product, education and consumer co-op marketing campaigns. Participate in CTC campaigns in key markets, where applicable to increase awareness and generate sales.	Asia/Pacific experienced a 3.0% decline in visitation with a 4.5% decline in revenue. Europe saw a 6.0% decline in visitations with an associated 7.1% decline in revenue.	The effects of September 11, the softening German, Japanese & Taiwanese economies and declining Euro and Yen all had a negative impact upon overseas tourism volumes and revenues.
Achieve a doubling of applied marketing investment through industry leverage.	Develop and participate in programs with other key stakeholders.	Tourism British Columbia leveraged an $811,000 European operating budget to $4.2 million. In Asia/Pacific, $1.2 million was leveraged to $4.3 million.	This objective was added subsequent to the publication of our 2002 published business plan.
Maintain a minimum 40% (Europe) and 60% (Asia) share of Canadian tours in key tour operator brochures.	Meet with tour operators on a regular basis to introduce new product and educate them on existing product. Encourage additional tour operator sales through consumer co-op marketing campaigns.	Obtained 57.1% of the Canadian product represented in UK brochures and 51.5% of the product in German brochures. In Japan, BC's share of escorted tours dropped from 66% to 55%. In both Taiwan and Australia, BC obtained 66% of the product represented.	The UK and Germany delivered 68.6% of the European visitors to British Columbia and are the only two principal European markets where brochure analysis is undertaken. British Columbia had the same number of escorted tours offered in the market as last year. All new tours (i.e. aurora & fall colours) capitalized on routings not favourable to BC. British Columbia saw an increase in specialized and seasonal products, FIT travel and media tours. However, these products are not included in traditional brochures so they are not tracked.
Obtain a 75% rating from buyers and sellers attending Canada's West Marketplace™ (CWM).	Co-host marketplace with Travel Alberta, providing an opportunity for BC and Alberta tourism business to build business from international tour operators.	100% of buyers reported good or very good value from their attendance. 91% of buyers intend to expand their western Canada product as a result of CWM. 65% of sellers reported good or very good value.	Following September 11, many tour operators were forced to stay at home resulting in only 81 buyers attending this year's show (vs. 103 in the previous year). While this lowered overall ratings with sellers, they understood the reason and recognized the good job that was done under difficult circumstances.

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TOURISM OPERATIONS

Tourism Operations delivers programs that benefit both industry and visitors at each stage of the travel purchase cycle, from initial inquiries for information through to follow-up contact. These include Visitor Service and Sales, Accommodation Services, Training Services, Information Technology Services and Research Services.

2001/2002 was an important year for Tourism Operations, as it saw Tourism British Columbia assume responsibility for the Vancouver International Airport Visitor Info Centre servicing some 400,000 visitors per year. Operating at the airport was of critical importance during the week of September 11. In partnership with Tourism Vancouver, over 6,000 stranded passengers were assisted in making alternate arrangements and finding accommodation.

In other developments, Tourism British Columbia has been working closely with an industry taskforce responding to critical skill shortages in the labour market and developing long range plans for education and human resources services for the British Columbia tourism industry. Core funding was secured from both federal and provincial governments and the Tourism HRD Task Force launched in October 2001.

> *Tourism British Columbia continues to be a full partner with tourism stakeholders as we look holistically at our industry, specifically for long term solutions to our industry's current and future unique human resource challenges. Their leadership and expertise is greatly appreciated.*
> ***Ian Powell***
> ***General Manager, The Fairmont Empress Hotel***

Tourism British Columbia's Research Services unit played an important role in tracking the impacts of September 11 and providing current trend information and data to the industry. In addition, expertise was provided to the British Columbia Airline Industry Consortium in the interests of maintaining a high profile for the tourism industry's needs in revised air policy in Canada. Tourism British Columbia chaired the Federal/Provincial Air Working Group and brought forth key recommendations for air policy which were endorsed unanimously by provincial/territorial Ministers responsible for tourism.

> *Air travel is an important part of the tourism industry with air access affecting a destination's ability to market itself to visitors. Tourism British Columbia, as a founding partner of the BC Air Industry Consortium, continues to be a welcome and active participant in air policy discussions at the provincial and national levels.*
> ***Randy Williams***
> ***President, Tourism Industry Association of Canada (TIAC)***

2000/2001 saw the 75th edition of the British Columbia Approved Accommodation Guide produced and distributed making it the longest running publication of its kind in Canada.

SuperHost* was delivered to over 18,000 participants throughout the province and Puerto Rico added to the growing number of international tourism destinations that have licensed the program from Tourism British Columbia for use in their own area.

In terms of activities at the Super, Natural British Columbia Reservation and Information Service (SNBC), the ratio of bookings to calls was excellent at 19%. Other performance targets were met and substantial cost reductions obtained through re-negotiated supplier contracts. The Discover Camping on-line booking service handled over 28,000 reservations in provincial park campgrounds, making internet bookings 42% of the overall total. By providing numerous methods for consumers to obtain information and reservations, Tourism British Columbia is ensuring potential customers have resources that suit their unique needs for travel services.

*Official Mark of Tourism British Columbia

Tourism Operations Goals

- Increase length of stay and encourage visitors to see different parts of the province.
- Enhance the quality of tourism products and services.
- Assist in developing a professional, well trained work force.
- Collect and disseminate information on all markets and visitors.
- Move Tourism British Columbia to an advanced online business.

Visitor Services and Sales: Super, Natural British Columbia Reservation and Information Service (SNBC)

[illegible] 2001/02 Business Plan	Key Strategies	Results	Comments
Convert 20% of callers to bookers (After September 11, target revised to 15%).	Integrate call centre technology with website technology and provide call centre support to add value to HelloBC.com. Pursue call streams that result in qualified calls and visits to the call centre/website.	Converted 19% of callers to bookers exceeding revised target by 4%.	For the second straight year, and despite September 11, the call centre converted 19% of callers to reservations, demonstrating the qualified nature of callers, the skill of the agents and the success of the BC Escapes® program. Internet revenue grew by 12.84% and this trend is expected to continue as more consumers gain comfort.
Increase revenue margins for Discover Camping by increasing percentage of internet bookings from 27% to 30%.	Manage website to ensure stability and accessibility, identify areas of improvement and implement as necessary. Highlight web access in marketing pieces.	66,800 reservations were completed of which 42% were internet bookings, exceeding the target of 30%.	Discover Camping bookings on the net far exceeded expectations. The simplicity of the system combined with the demand and approval of the product from the consumer make the Discover Camping website an outstanding success.
Maintain customer service including call length and grade of service at current rates.	Continue to build partnerships with inventory providers from across the province to expand selection of products for customer purchase.	Average call length 5.86 minutes up slightly from 5.64 minutes. Grade of service maintained at 78% of calls answered in 20 seconds or less. Customer service issues improved to less than 2% of all reservations.	With information enquiries moving to the web, the challenge of handling more complex questions at the call centre and maintaining manageable call lengths was achieved with success. Introduced new and highly successful partnership with Tourism Vancouver to operate Peace Arch Visitor Info Centre resulting in increased reservations and revenue of over 45%. Staff retention and training at the call centre contributed to the outstanding results in customer service.

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Visitor Info Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Increase average Quality Service Program results by 2%.	Develop activities and programs that result in a quality one-stop full-service experience for the visitor.	Quality Service Program remained at 86%; however, 55% of Visitor Info Centres increased their overall average compared to 2000.	Value of the Visitor Survey introduced at Kamloops and Coquihalla demonstrated that Visitor Info Centres have a positive financial impact to both individual communities and the province. The survey also recognized the outstanding quality provided by Visitor Info Centres (visitor expectations were met or exceeded 95% in Kamloops, 91% in Coquihalla, and 96% of all visitors were satisfied/very satisfied with their trip to British Columbia).
Increase merchandise sales and royalty revenues by 3%.	Increase Visitor Info Centre participation in the merchandising program.	Merchandise sales up 8.7%.	Improved margins and reduced expenses improved net profit. Introduced a standardized uniform program for all VICs resulting in improved professionalism, branding and increased royalties to Tourism British Columbia.
Unplanned Initiative: Vancouver International Airport Visitor Info Centre.	Successfully implement a new provincial Visitor Info Centre at Vancouver International Airport.	9,900 accommodation reservations booked resulting in $1,533,198 in gross revenue. 340 different accommodation properties booked. 37,513 attraction and transportation tickets sold for gross revenue of $899,433.	This represents a very exciting and strategic initiative for Visitor Services & Sales. All members of the VIC team were involved in the successful bid and subsequent implementation in a very short timeframe. A partnership with Tourism Vancouver as on-site operators guaranteed an outstanding quality of service. September 11 saw the entire team called into action, playing an integral role in ensuring the safety and comfort of over 1000 passengers.

Accomodation Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Increase participation in all accommodation programs by 2%.	Approach Chambers of Commerce and Visitor Info Centres for new product. Notices in industry newsletters advising of deadlines.	Growth in Approved Accommodation Guide of 3.3%. Growth in Canada Select of 4%.	Despite economic downturn and impacts of September 11, targets exceeded for both Guide participation and Canada Select.
Complete: - 1,400 regular inspections - 225 Canada Select Quality Gradings - 5 Access Canada Inspections	Streamline inspection process including more effective deployment of staff.	1,659 regular inspections completed. 175 Canada Select Quality Gradings completed which is below target but due to renewals, actual participation in program increased. 5 Access Canada ratings awarded.	Regular inspections target was exceeded by 7%. Canada Select participation increased from 404 to 422 properties. Access Canada target achieved.

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Research Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Produce and distribute a portfolio of research information both in print and electronically to the tourism industry, including an annual Tourism Outlook, 8 issues of Tourism Indicators, and monthly customs entries data.	Improve efficiencies in the distribution of research information through the use of the Internet.	Published the 2002 Tourism Outlook, 8 issues of Tourism Indicators, annual issue of Value of Tourism, five market profiles and monthly customs entries data. Moved distribution of publications to Research page of corporate website.	Distribution of research information was moved to the corporate website which will create significant cost savings.
Design, test and implement an updated program to measure visitor volume/revenue in the British Columbia market.	Develop and use business-based data to calibrate visitor volume/revenue estimates. Work with partners to improve the quality of national visitor surveys. Design methodology to calibrate visitor survey findings.	Demonstrated feasibility and produced business based estimate of visitor revenue. Worked with partners to re-develop the Canadian Travel Survey. Developed calibration methodology.	Budget cutbacks, due to impact of September 11 on corporate revenue, required revision of methodology. Unanticipated projects, including post-September 11 tracking and research to support the DMS and Core Services Review delayed implementation of this program.
Collect and distribute expanded data sets on the British Columbia accommodation sector including occupancy, market origin, capacity and utilization.	Continue to build partnerships with industry and other tourism organizations to improve research information.	Developed and distributed findings of monthly survey of accommodation properties. Expanded Victoria accommodation project to report 90-day forward bookings on a weekly basis.	Expansion of Victoria accommodation project to other centres was delayed by unanticipated projects.
Complete one product sector study and the annual corporate stakeholder survey.	Develop and exploit new data sets to produce product profiles.	Produced three product profiles using the TAMS database and other sources. Initiated major study of commercial nature-based tourism. Revised and completed the annual corporate stakeholder survey within timelines.	Objective achieved.

Training Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Train 20,000 participants in SuperHost® Face-to-Face and Frontline Management Solutions® programs in British Columbia.	Work with sponsoring organizations to increase participation.	18,722 participants trained.	September 11 events resulted in training budgets being cut and professional development activities across the province being curtailed.
Operate Training programs at net cost of $63,000.	Improve revenue stream in corporate client sector and find efficiencies in expenditure budget.	Net operating cost of $43,149, 31% under target.	Curtailed expenses and additional corporate consulting revenue generated.
Identify and help implement a sustainable long-term delivery model for human resource development for the tourism industry.	Work with partners to ensure a stable structure for coordinating tourism human resource development policy and activities.	British Columbia HRD Task Force formed in October 2001 and $150,000 funding secured from Human Resources Development Canada. Strategy development underway.	Scheduled completion for 5 Year Plan – December 2002.

Information Technology Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Increase visitation and bookings to HelloBC.com by 10%.	Stabilize and execute operational strategies to ensure sustainability of technology platform. Improve site navigation and functionality in conjunction with BC Escapes®.	Unique visitation on HelloBC.com decreased by 6% from last year. The months of September through December saw the sharpest decline. Internet bookings increased 27.5%.	Drop in business directly attributable to September 11. Visitation has recovered strongly in 2002 and is up 6.8% for March compared to March 2001.
Increase effective operation levels for core computer systems by 1% to average of 99% during regular business hours.	Stable, clean and locked down office environment that limits the points of failure.	During regular business hours, availability of office systems is very stable and tracking is at 100%.	Annual equipment rotation plus upgrade to Windows/Office XP planned for early fiscal 2002.
Develop and implement a common technology platform to support the delivery of integrated programs and maximize the functionality of Tourism BC's distribution channels.	Full time involvement in the Destination Management System (DMS) process.	Work-in-progress to build a systems architecture to support the business processes being modeled for the organization.	As the full scope and priorities of the DMS become clearer, continue to develop and refine architectures and costing models for integrated solutions that will support the new business model.

Research Services

[illegible] 2001/02 Business Plan	[illegible]	[illegible]	[illegible]
Produce and distribute a portfolio of research information both in print and electronically to the tourism industry, including an annual Tourism Outlook, 8 issues of Tourism Indicators, and monthly customs entries data.	Improve efficiencies in the distribution of research information through the use of the Internet.	Published the 2002 Tourism Outlook, 8 issues of Tourism Indicators, annual issue of Value of Tourism, five market profiles and monthly customs entries data. Moved distribution of publications to Research page of corporate website.	Distribution of research information was moved to the corporate website which will create significant cost savings.
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*Official Mark of Tourism British Columbia

Business Development

The Business Development Division identifies, researches and implements programs for the corporation that help maximize the overall efficiency of the organization and industry. Three key program areas are Corporate Communications, Industry Development and Marketing Services.

The division works closely with all areas of the corporation and with industry stakeholders, providing a valuable connection as many new and existing tourism opportunities evolve.

A highlight of 2001/02 was the re-acquisition of Beautiful British Columbia Magazine. Created by Tourism British Columbia in 1959, it had been sold to a private operator in 1983. The magazine provides a unique enhancement to the corporation's marketing efforts by putting a high quality publication celebrating British Columbia destinations into the hands of a highly qualified audience.

The consistent quality of the publication was recently recognized by the Canadian Magazine Publishers Association when they named the Spring 1995 cover as "Best in Show" among the top 50 Canadian magazine covers of all time.

Tourism British Columbia continued to support the Vancouver 2010 Bid with further sponsorship of *WorldHost*, which assists communities throughout British Columbia with their efforts to bid for and host international sporting competitions. To date, events associated with *WorldHost* have welcomed 3292 volunteers, 7030 athletes, 183,480 guests, 550 media and 42 IOC/Sport Federation officials. As the bid rapidly nears a final decision in 2003, Tourism British Columbia has been very active in the planning and implementation of tourism related activities, both to support current bid efforts, and to ensure the tourism opportunity resulting from a successful bid is properly managed.

> *Tourism represents a significant part of the economic rationale for the Vancouver 2010 bid. Consequently we are extremely gratified that Tourism BC has embraced the initiative by providing thoughtful guidance and strategic leadership towards a plan designed to maximize upon the myriad of provincial tourism opportunities that will be triggered by a successful bid.*
> ***John Furlong***
> ***President and COO, Vancouver 2010 Bid Corporation***

One area of continued success is Travel Media Relations, which is within the Marketing Services unit. Obtaining coverage that highlights British Columbia destinations in key markets throughout the world is a valuable component of overall marketing efforts, and Tourism British Columbia has developed strong partnerships with media and related agencies to ensure maximum exposure for British Columbia product. In 2001, Travel Media Relations helped coordinate 219 press trips and tracked over $85.8 million in unpaid media coverage worldwide.

An excellent example of the value that can be achieved through Travel Media Relations' efforts was the 2001 filming by Jack Hanna in various British Columbia locations. Two film crews visited Vancouver, Salt Spring Island, Central and Northern Vancouver Island, Knight Inlet and the Prince Rupert/Princess Royal Island areas, with local coordination provided by Tourism British Columbia. This included participating in the original pitch to bring the show to Canada, recommending destinations and story ideas in advance, plus managing all on-site logistics for the crew.

Jack Hanna's Animal Adventures is the number-one syndicated wildlife show in North America, and is endorsed by the National Education Association. Jack Hanna's Animal Adventures is syndicated in 95% of the United States market, as well as in more than 65 international television and home video territories. Last year alone, Jack reached over 423,675,000 viewers, and the five British Columbia episodes that ran during February and March were valued at over $22 million in conventional media equivalency.

Thank you for everything you did in helping to arrange my recent Victoria and Vancouver Island trip. It was an exceptional five days, rich with story possibilities. BC is an important destination for our readers, so I always enjoy working with Tourism British Columbia on BC-related stories.
Monica Zurowski
Features & Travel Editor, Calgary Herald

Business Development Goals

- Contribute to revenue generation, job creation and balanced growth in the tourism industry.
- Raise awareness and support for Tourism British Columbia and the tourism industry.
- Provide expertise and support for the tourism industry.
- Provide quality and cost-effective advertising and publication services.
- Increase trade and consumer awareness of British Columbia as a top travel destination through strategic management of travel media relations.

Business Development

[illegible]	[illegible]	[illegible]	[illegible]
Develop new sources of revenue and maintain existing sources and leveraged funding.	Provide assistance to industry stakeholder groups to access incremental funding sources. Maintain current level of contributions from the Tourism Association of Western and Northern Canada (TAWNC). Maintain and expand relationships with both traditional and non-traditional partners.	TAWNC contributions were maintained at $690,000.	TAWNC's Western Economic Diversification funding for 2002/03 projected lower and possible cancellation of program.
Assist in the development of a cultural tourism sector.	Participate in the management of the Okanagan Cultural Tourism Project. Assist in the development of the BC aboriginal tourism products. Identify cultural tourism sector opportunities and assist in their development. Successfully complete year two deliverables of Cultural Corridor Marketing Plan.	Showcased BC aboriginal products to key German tour operators through DERTOUR Reisakademie in December 2001. Formed the BC Cuisine and Tourism Society, including the development of a business plan. Developed a cuisine tourism product club application.	Budget reductions forced the elimination of year three 2002/03 funding for the Okanagan Cultural Corridor.
Build awareness of the Vancouver 2010 Bid.	Develop and implement the *WorldHost* program in partnership with the Vancouver 2010 Bid Corporation.	*WorldHost* has welcomed: - 3292 Volunteers - 7030 Athletes - 183,480 Guests - 550 Media - 42 IOC/Sport Federation officials.	Volume of activity related to *WorldHost* events has raised awareness throughout the province and internationally.

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Corporate Communications

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Publish key publications, including the Program Guide, Business Plan, Annual Report and 24 Super, Natural Fax newsletters.	**Manage resources of department to ensure production on time and on budget.**	Publications completed and delivered on time and under budget. 34 press releases issued. 13 Super, Natural Fax newsletters distributed.	**Efficiency growing due to shift to on-line delivery of key publications and Super, Natural Fax newsletter.** **Super, Natural Fax newsletter was suspended temporarily due to September 11, as communications efforts focused on other priority messaging.**
Manage and support Tourism British Columbia presentations and events that further enhance our two-way communications with key stakeholders across the primary industry sectors and throughout the tourism regions.	**Utilize key presentation such as Road Shows, Tourism Industry Conference Workshops and Tourism Industry Awards for delivery of messages.** **Ensure Tourism British Columbia information presented at all regional AGMs.** **Identify new opportunities to augment Tourism British Columbia interaction with communities and industry.**	Tourism British Columbia-produced presentations postponed or cancelled post September 11. Focus shifted to Tourism Industry Forums in October and December 2001 which allowed Tourism British Columbia to showcase management of September 11 issue. Tourism Industry Awards presentation rated highest of all events by tourism industry attending TIC.	**Community consultation process new area of two-way communication and will be integrated into future planning.**

Marketing Services

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Provide high quality, efficient and cost effective advertising and production services to all divisions of the corporation.	Continue to improve creative product while implementing cost-effective practices and streamlining processes.	Advertising and Production projects completed on-time and on-budget.	Full staff complement and growing supplier base have contributed to cost and time efficiencies.
Maintain the publications program at 100% cost recovery, distributing 300,000 Vacation Planners, and 140,000 Outdoor Adventure Guides.	Continue to implement a proactive distribution plan for publications. Complete a three-year publication review, including integration with the Internet and new media.	Produced 310,000 Vacation Planners and 160,000 Outdoor Adventure Guides Achieved 105% cost recovery. Publication review is underway.	Additional 20,000 Outdoor Adventure Guides produced to meet consumer demand through the Visitor Info Centres.
Enhance the availability of high-quality imagery of British Columbia and its tourism product to internal and industry users.	Conduct a review of the Image Bank to assess system technology and user requirements for service.	As a result of the completed review, Phase I of the Image Bank's new Digital Asset Management system is in place. Tourism British Columbia staff and industry partners will have access to an increased number of images, as well as benefiting from time and cost efficiencies and improved customer service.	
Generate $60 million of unpaid editorial coverage in key markets in the US and Canada and increase trips to BC by key media.	Build awareness and experience of British Columbia's tourism product with key media. Develop media interest across the regions.	Generated advertising equivalency of $67.6 million in US and Canadian editorial coverage. Worked with more than 1,330 media and provided support for 148 press trips. Represented British Columbia at 7 travel media events/marketplaces in Canada and US.	Post September 11, US and Canadian travel editors have shown increased interest in British Columbia as a travel destination.

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Industry Development

[illegible]	[illegible]	[illegible]	[illegible]
Facilitate improved business practices and profitability within industry.	[illegible] in developing new [illegible] organizations and [illegible] business tools and [illegible] necessary to [illegible] growth.	Continued efforts to support the establishment of tourism cuisine as a sector as well as outdoor adventure as a sector, vital to building marketing partnerships and developing product. Participated in the establishment of Garden Inspired Tourism and Agri-Tourism as potential tourism sectors.	[illegible] Adventure [illegible] industry conference in [illegible] was successful, [illegible] a large contingent of [illegible] adventure operators [illegible] the development [illegible] that was necessary to form [illegible] sector. [illegible] CTC Adventure [illegible] readiness workshop [illegible]. [illegible] Business Essentials [illegible]/manual program [illegible] the publication of the [illegible] Hospitality Law [illegible].
Deliver one Road Show per year in each of the 6 regions.	[illegible] with the Satisfaction [illegible], establish means to [illegible] the corporation closer [illegible] the industry it serves and [illegible] business [illegible] information that industry [illegible] put to work.	Delivered 4 successful Road Show presentations, which were positively evaluated by participants. Satisfaction levels were high; attendees strongly indicated that they would attend again.	[illegible] 11 changed the [illegible] environment [illegible], and all [illegible] were cancelled [illegible] the remainder of the [illegible] year.
Develop and deliver 6 community planning sessions.	[illegible] community [illegible] that contribute to [illegible] awareness and [illegible] of tourism [illegible] and events.	2 community SWOT workshops were successfully delivered.	[illegible] in Industry [illegible] funding [illegible] in cancellation of 4 [illegible] SWOT exercises. [illegible] Business Essentials [illegible]/ manuals [illegible] were also [illegible] as a result of [illegible] reductions. [illegible] additional publication, [illegible] Tourism Development [illegible], was placed on hold.

CORPORATE SERVICES

Tourism British Columbia is strongly committed to disciplined management practices and accountability. Through the development and implementation of efficient financial, administrative and information systems, Corporate Services continues to help contribute to the positive performance of the organization.

Over the past year, Corporate Services worked with program areas to develop performance objectives that are measurable, useful and attainable, and continued sound financial management processes that ensure the integrity of the financial data. Evidence of this comes from the unqualified auditor's opinion and management letter.

A hotel tax forecasting model was developed that cut in half the time to determine tax revenue for the month; and there were increased operational efficiencies to minimize impacts of reduced revenues from hotel receipts. These included realizing savings through Board meetings, rent, telecommunications and travel.

Another highlight of Corporate Services' achievements this year include the effective transition of Beautiful British Columbia Magazine into the corporation as a wholly owned subsidiary under Tourism British Columbia's financial and reporting framework.

Corporate Services

[illegible]	[illegible]	[illegible]	[illegible]
Ensure favourable conditions for corporate decision-making by providing useful, accurate and timely financial information.	Maintain the integrity of the financial system through a thorough system of controls and continue to provide monthly financial statements and reports to key decision makers.	Financial statements issued monthly by 15th of following month. Accuracy reflected in unqualified opinion on audited financial statements. Managers and other key users indicated the reports were useful and timely.	Financial statement schedules relating to revenue generating operations were added this year to meet user needs.
Ensure Tourism British Columbia's published Annual Report and three year Service Plan comply with the *Budget Transparency and Accountability Act* (BTAA).	Work with program staff to ensure measures and targets are meaningful and meet pre-established criteria.	2000/01 Annual Report and 2003-2005 Service Plan published in accordance with BTAA and related guidelines.	Tourism British Columbia continues to instill high standards and utilize disciplined business and reporting processes.
Net investment returns match or outperform the BC Investment Management Corporation's (BCIMC) short-term money market fund (ST1).	Analyze investment options and examine alternatives on an ongoing basis.	Net investment returns of 3.09% outperformed BCIMC's short-term money market fund benchmark.	Returns were lower this year due to declining interest rates.

Industry Development

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Facilitate improved business practices and profitability within industry.	Assist in developing new sector organizations and provide business tools and information necessary to facilitate growth.	Continued efforts to support the establishment of tourism cuisine as a sector as well as outdoor adventure as a sector, vital to building marketing partnerships and developing product. Participated in the establishment of Garden Inspired Tourism and Agri-Tourism as potential tourism sectors.	Canadian Adventure Tourism Industry conference in Kamloops was successful, drawing a large contingent of diverse adventure operators facilitating the development of the ties necessary to form a viable sector. Planned CTC Adventure market readiness workshop postponed. Tourism Business Essentials workbook/manual program saw the publication of the Tourism Hospitality Law Guide.
Deliver one Road Show per year in each of the 6 regions.	In-line with the Satisfaction Survey, establish means to bring the corporation closer to the industry it serves and provide business information that industry can put to work.	Delivered 4 successful Road Show presentations, which were positively evaluated by participants. Satisfaction levels were high; attendees strongly indicated that they would attend again.	September 11 changed the business environment substantially, and all presentations were cancelled for the remainder of the fiscal year.
Develop and deliver 6 community planning sessions.	Develop community programs that contribute to the awareness and promotion of tourism products and events.	2 community SWOT workshops were successfully delivered.	Reduction in Industry Development funding resulted in cancellation of 4 community SWOT exercises. Three Business Essentials workbook/ manuals publications were also postponed as a result of funding reductions. One additional publication, the Tourism Development Manual, was placed on hold.

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Human Resource Development

The Human Resource Development division had a very successful year in leading the organization in achieving high performance. Encouragement of an environment of support that enables staff is essential to the effective success of the corporation. With 93% of staff agreeing that they have confidence in the leadership abilities of Tourism British Columbia, we continue to confirm our position as a highly effective organization.

Our Corporate Values provide a strong base for engaging Tourism British Columbia's staff in productive and satisfying work, relevant to our clients and stakeholders.

The Human Resource Development division enables the corporation to achieve outstanding business results through a number of programs and processes. Training and travel budgets were significantly reduced and a number of vacant positions were frozen to help address the budget pressures as a result of September 11. Through these measures and many other corporate reductions, staff were not laid off as a result of September 11, which enabled us to maintain a superior level of quality customer service to our consumers and the industry.

Human Resource Development

Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Recruit and develop the right people at every level of the corporation. The goal is to fill vacant positions within 3 months.	Work with business units to meet their needs. Use appropriate advertising strategies.	Approved positions were filled within 1.2 months.	As a result of September 11 and subsequent budget cuts, vacant positions were frozen or eliminated.
Provide 1.5% of the corporation's salary budget for development and training.	Develop corporate and individual training plans.	Pre September 11, training budget was on target. Post September 11, the budget was reduced to 0.7% of salary budget.	Another area that will return to target if conditions improve.
Continue to instill a values-based corporate culture, as measured by our employee satisfaction survey of "satisfied" or better.	Recognize positive behaviours. Provide challenging opportunities.	Outstanding results: 96% of employees are proud to tell others they work at Tourism British Columbia.	The rating for the British Columbia public service is 54%.
Continue to build solid management-union relations, with success determined by outcomes of the collective bargaining process and less than three union grievances filed.	Encourage positive relationships with all staff.	There were no grievances filed in 2001/02. All previous grievances have been resolved locally. Bargaining continues.	
Achieve an employee absence rate of 2% or lower.	Provide wellness information. Provide stimulating work.	1.2% for calendar year 2001 – better than target.	Rate in the British Columbia public service is 11.9%.
Achieve an employee turnover rate of 5% or better (new objective).	Engage employees through a variety of means.	Tourism British Columbia employee turnover rate is 4%.	Rate in the British Columbia public service is 8%.
Achieve a HR service satisfaction rating of 4 or lower.	Provide superior service to our business clients.	Achieved a 4.6 out of 5 rating for overall staff satisfaction with HR service.	

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Performance Objectives 2001/02 Business Plan	Key Strategies	Results	Comments
Recruit and develop the right people at every level of the corporation. The goal is to fill vacant positions within 3 months.	Work with business units to meet their needs. Use appropriate advertising strategies.	Approved positions were filled within 1.2 months.	As a result of September 11 and subsequent budget cuts, vacant positions were frozen or eliminated.
Provide 1.5% of the corporation's salary budget for development and training.	Develop corporate and individual training plans.	Pre September 11, training budget was on target. Post September 11, the budget was reduced to 0.7% of salary budget.	Another area that will return to target if conditions improve.
Continue to instill a values-based corporate culture, as measured by our employee satisfaction survey of "satisfied" or better.	Recognize positive behaviours. Provide challenging opportunities.	Outstanding results: 96% of employees are proud to tell others they work at Tourism British Columbia.	The rating for the British Columbia public service is 54%.
Continue to build solid management-union relations, with success determined by outcomes of the collective bargaining process and less than three union grievances filed.	Encourage positive relationships with all staff.	There were no grievances filed in 2001/02. All previous grievances have been resolved locally. Bargaining continues.	
Achieve an employee absence rate of 2% or lower.	Provide wellness information. Provide stimulating work.	1.2% for calendar year 2001 – better than target.	Rate in the British Columbia public service is 11.9%.
Achieve an employee turnover rate of 5% or better (new objective).	Engage employees through a variety of means.	Tourism British Columbia employee turnover rate is 4%.	Rate in the British Columbia public service is 8%.
Achieve a HR service satisfaction rating of 4 or lower.	Provide superior service to our business clients.	Achieved a 4.6 out of 5 rating for overall staff satisfaction with HR service.	

Financial Report

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Highlights

As our primary source of funding, Tourism British Columbia receives 1.65 points of the 8% hotel tax. Hotel tax revenue of $23.7 million was down 1.3% from last year (compared to an increase of 10.4% in the previous year), but exceeded Tourism British Columbia's revised budget estimate of -5%. The decline was due largely to the drop in the travel sector following the tragedy of September 11. The biggest months of decline were September and October, although by the end of the fiscal year, hotel tax revenues had recovered to previous year levels. For perspective, a 1% change in hotel tax impacts the corporation by approximately $240,000.

Tourism British Columbia operates under a five-year fiscal framework. Similar to previous years, budgeted expenses exceeded budgeted revenues. It is the corporation's intent to budget a consistent spend level, drawing down equity (unappropriated surplus) until hotel tax revenues "catch up" to spend levels. Under the direction of our Board, Tourism British Columbia maintains a minimum of $1 million in unappropriated surplus over a five-year horizon, to protect the corporation in the event hotel tax receipts are considerably less than expected.

On June 15, 2001, Tourism British Columbia acquired the net assets and operations of Beautiful British Columbia Magazine, a geographic and travel magazine focused on British Columbia. Results of their operations are included in the consolidated financial statements.

The corporation earned $161,500 in investment income, compared to $450,600 last year. Declining interest rates and cash balances were the reasons for the decrease. However, the corporation's average rate of return of 3.09% exceeded British Columbia Investment Management Corporation's ST1 short term money market fund benchmark.

Beautiful British Columbia Magazine revenues accounted for $2.11 million of program revenues. Excluding Beautiful British Columbia, program revenues were up over last year by 3.6%. Core call centre revenues were down slightly, but the addition of the Vancouver International Airport Visitor Info Centre boosted reservation revenues.

All divisions successfully carried out their business plans and all came in under budget, which was revised downwards following September 11.

Amortization costs of $780,000 were up from last year $660,000 but were less than budget due to a capital expenditures freeze following September 11.

Balance Sheet

Consistent with previous years, our year-end cash position was greater than our unappropriated surplus. However, this was not the case throughout most of the fiscal year. On average, Tourism British Columbia's cash balance tends to be lower as our hotel tax receivable from the Ministry of Provincial Revenue is typically greater than our average payables by about $1 million. Payables at year-end are larger than normal due to the timing of our BC Escapes® advertising program, which overlaps our fiscal year-end. Consequently, cash flows are negative in the first quarter by between $3 and $4 million.

The $3.7 million receivable from the Province of British Columbia is for hotel tax revenues earned but not yet received. Our accounting policy is to recognize the tax revenue in the period the consumer is charged the tax on their accommodation. However, it takes 6 to 10 weeks for us to receive payment from the Ministry of Provincial Revenue.

By continuing to concentrate on earlier collections, our program receivables are down 8% from last year.

Inventories have increased as merchandise revenues have grown.

The increase in prepaid expenses is due to Beautiful British Columbia's practice of incurring expenses in advance of publication. These prepaids are reversed at time of publication.

Deferred revenues represent cash received from subscribers of Beautiful British Columbia Magazine in advance of receiving the magazine.

Net capital assets shrank 25% due to reduced capital expenditures following September 11.

The Corporation's long term liabilities decreased by 25% over last year due to a conscious effort to reduce accrued leave banks by ensuring our employees take a minimum amount of vacation in a year.

Business Risk

Given our primary funding source is hotel tax, the corporation is subject to the risk of any significant downturn. The corporation is mildly optimistic that economic conditions will recover, including prospects for the tourism industry. However, due to uncertainty around world events and the economy, the corporation is forecasting a further 4% decline in hotel tax for fiscal 2003.

Results of Operations last 5 years:

Hotel Tax	19,144	20,532	21,751	24,025	23,720
Program and other income	3,294	3,324	5,106	5,344	11,345
Voted Appropriation	3,800	–	–	–	–
Total Revenue	26,238	23,856	26,857	29,369	35,065
Marketing and Sales	7,281	10,338	10,401	11,588	12,065
Tourism Operations	6,437	8,863	9,149	10,725	11,252
Business Development	2,177	2,603	2,620	2,762	2,722
Beautiful British Columbia Magazine	–	–	–	–	2,436
General and Admin	2,099	2,950	3,127	2,834	2,571
CEO's Contingency	–	485	747	434	475
Amortization	180	271	444	657	783
Writedown of intangible asset	–	–	–	–	4,000
Total Expenses	18,174	25,510	26,488	29,000	36,304
Net revenue (expenses)	8,064	(1,654)	368	369	(1,239)
Opening Surplus	–	8,064	6,762	7,130	7,499
Joint venture consolidation		352			
Closing Surplus	8,064	6,762	7,130	7,499	6,260

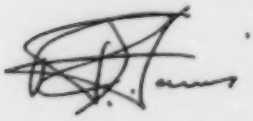
Management's Report

The financial statements of Tourism British Columbia for the year ended March 31, 2002 have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the consolidated financial position of Tourism British Columbia as at March 31, 2002 and the consolidated results of operations and changes in cash flows for the year then ended.

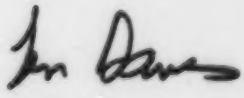
Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements of Tourism British Columbia. The Auditor's report outlines the scope of his examination and expresses an opinion on the statements of Tourism British Columbia.



Rod Harris
PRESIDENT AND CHIEF EXECUTIVE OFFICER
TOURISM BRITISH COLUMBIA



Len Dawes, CA
CHIEF FINANCIAL OFFICER
TOURISM BRITISH COLUMBIA

June 7, 2002

Report of the Auditor General of British Columbia

To the Members of the Board of Directors of Tourism British Columbia, and

To the Minister of Competition, Science and Enterprise, Province of British Columbia:

I have audited the consolidated statement of financial position of *Tourism British Columbia* as at March 31, 2002 and the consolidated statements of operations and unappropriated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the consolidated financial position of *Tourism British Columbia* as at March 31, 2002 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

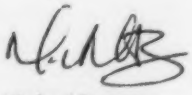
Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
May 31, 2002

TOURISM BRITISH COLUMBIA
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

March 31,	2002 (Note 11)	2001 (Note 13)
ASSETS		
Current assets		
Cash and short term investments (Note 3)	$8,610,430	$9,538,393
Accounts receivable		
Province of BC - Hotel tax	3,708,660	3,460,370
Other	660,939	714,292
Inventories	259,689	211,001
Prepaid	262,979	61,231
	13,502,697	13,985,287
Capital assets (Note 5)	1,011,797	1,361,079
Intangible asset (Note 12)	1,578,099	–
	$16,092,593	$15,346,366
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities		
Other	$5,881,511	$5,872,382
Province of British Columbia	274,106	299,188
Deferred revenue	2,129,540	–
	8,285,157	6,171,570
Long term liabilities (Note 6)	380,820	509,224
	8,665,977	6,680,794
Surplus		
Contributed (Note 7)	1,166,955	1,166,955
Unappropriated	6,259,661	7,498,617
	7,426,616	8,665,572
	$16,092,593	$15,346,366

Commitments (Note 8)
Approved on behalf of the Board:



Michael Duggan
BOARD CHAIR

Steve Smith
DIRECTOR

The accompanying notes are an integral part of these financial statements.

TOURISM BRITISH COLUMBIA
STATEMENT OF CONSOLIDATED OPERATIONS AND UNAPPROPRIATED SURPLUS

Year ended March 31,	2002 (Note 11)	2001 (Note 13)
Revenues		
Hotel room tax	$23,720,000	$24,024,819
Program revenue (Note 10)	7,345,455	5,344,133
Donation revenue (Note 11)	4,000,000	–
	35,065,455	29,368,952
Expenses		
Marketing and Sales	12,065,306	11,588,439
Tourism Operations	11,251,766	10,725,067
Business Development	2,722,245	2,761,816
Beautiful British Columbia Magazine (Note 11)	2,435,318	–
General and administration	2,571,655	2,834,233
CEO's contingency	475,019	433,656
Amortization	783,102	657,465
Write down of intangible asset (Note 12)	4,000,000	–
	36,304,411	29,000,676
(Deficiency) excess of revenues over expenses	(1,238,956)	368,276
Unappropriated surplus, beginning of year	7,498,617	7,130,341
Unappropriated surplus, end of year	$6,259,661	$7,498,617

The accompanying notes are an integral part of these financial statements.

Tourism British Columbia
STATEMENT OF CONSOLIDATED CASH FLOWS

Year Ended March 31,	2002 (Note 11)	2001 (Note 13)
Operating activities		
(Deficiency) excess of revenues over expenses	($1,238,956)	$368,276
Items not involving cash		
Write down of intangible asset	4,000,000	–
Amortization	783,102	657,465
Changes in non-cash operating working capital	1,668,214	(1,174,620)
Cash flows from (used in) operating activities	5,212,360	(148,879)
Investing activities		
Investment in Beautiful British Columbia Magazine	(4,000,000)	–
Intangible asset	(1,578,099)	–
Additions to capital assets	(433,820)	(521,676)
Cash flows (used in) investing activities	(6,011,919)	(521,676)
Financing activities		
Long term liabilities	(128,404)	201,577
Cash flows (used in) from financing activities	(128,404)	201,577
Net (decrease) in cash	(927,963)	(468,978)
Cash and short term investments at beginning of year	9,538,393	10,007,371
Cash and short term investments at end of year	$8,610,430	$9,538,393

The accompanying notes are an integral part of these financial statements.

TOURISM BRITISH COLUMBIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002

1. ***Authority and purpose***

Tourism British Columbia (the Corporation) is a provincial Crown corporation established by the *Tourism British Columbia Act* on June 27, 1997. The purpose of the Corporation is to promote development and growth in the tourism industry, to increase revenue and employment in the industry throughout British Columbia and to increase the economic benefits generated by the industry.
Under the *Tourism British Columbia Act*, Tourism British Columbia is entitled to the net revenue collected under section 3.1 of the *Hotel Room Tax Act*.
The Corporation is exempt from federal and provincial income taxes and from the federal goods and services tax.

2. ***Significant accounting policies***

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary 595195 BC Ltd. (Beautiful British Columbia Magazine). All significant inter-company transactions and balances have been eliminated.

(b) Short term investments

Short term investments consist of units in the Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of the interest earned by the Portfolio and may be realized upon the sale of units.

(c) Revenue recognition

Hotel room tax revenue is recognized in the period that consumers are charged the tax on their accommodation by the provincial government.
Program revenues are recognized in the period services are rendered.
Subscription revenues in the Beautiful British Columbia Magazine operations are deferred and recognized as the magazine is published.

(d) Intangible assets

Intangible assets are reviewed each year to determine if there is any impairment in value. A write down to fair value is recorded if there has been any impairment.

(e) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Estimated useful lives are as follows:

Computer software	2 years
Website development costs	3 years
Computer equipment	3 years
Furniture and equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years
Trademarks	20 years

Assets costing less than $500 are expensed in the year of purchase.

(f) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Supplies inventories are valued at cost.

(g) Related parties

Tourism British Columbia is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

3. ***Cash and short term investments***

	2002		2001	
	Cost	Market	Cost	Market
Cash	$2,078,662	$2,078,662	$9,538,393	$9,538,393
Short term investments	6,551,145	6,531,768	–	–
	$8,629,807	$8,610,430	$9,538,393	$9,538,393

4. ***Financial instruments***

The Corporation's financial instruments consist of cash held in its general bank account, short term investments in British Columbia Investment Management Corporation's pooled investment portfolios, accounts receivable, accounts payable and long term liabilities. It is management's opinion the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The Corporation earned an average return of 3.09% (2001 - 5.54%) on its cash and short term investments over the past 12 months.

5. ***Capital assets***

	2002		2001	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$1,307,170	$1,204,034	$103,136	$379,022
Computer software	325,522	227,367	98,155	83,405
Furniture and equipment	447,193	252,491	194,702	237,194
Website development costs	592,342	442,761	149,581	361,989
Leasehold improvements	291,849	73,574	218,275	115,624
Trademarks	245,082	15,674	229,408	172,126
Vehicle	22,702	4,162	18,540	11,719
	$3,231,860	$2,220,063	$1,011,797	$1,361,079

6. ***Long term liabilities***

	2002	2001
Employee leave liability	$478,360	$633,401
Less: Current portion	(97,540)	(124,177)
	$380,820	$509,224

7. ***Contributed surplus***

Contributed surplus represents transfers from the Province of British Columbia of assets and liabilities accumulated by the Special Operating Agency – Tourism BC, prior to the formation of the Corporation.

8. ***Commitments***

The future remaining commitments for contracted program costs and office space leases are:

2003	$9,874,210
2004	392,535
2005	25,336
2006	19,002
2007	19,002
	$10,330,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

9. ***Employee benefit plans***

Employee future pension benefits

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The Plan is a multi-employer, defined benefit plan. On behalf of the employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the *Act* applies.

The most recent actuarial valuation (March 31, 1999) has determined that the plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between employees and employers. Previously these matters were the sole responsibility of the Province of British Columbia.

Employee future post-retirement benefits

Obligations for employee retirement allowances are detailed in the Corporation's collective agreement. The Corporation has accrued the estimated costs of these benefits, and has adopted the policy on a prospective basis with no retroactive restatement of prior year amounts. The amount accrued during the 2002 fiscal year is $82,261 (2001 - $96,833) and is included in long term liabilities.

10. ***Other revenue***

	2002	2001
Tourism Operations		
Approved Accommodation Guide revenues	$1,396,598	$1,410,435
Discover Camping reservation fees	1,016,037	995,966
Super, Natural British Columbia® reservation fees	1,327,215	1,039,262
Training services	330,435	333,593
Merchandise sales	377,402	347,177
Other	33,369	55,979
	4,481,056	4,182,412
Business Development		
Publication advertising revenues	534,624	595,603
Other	55,952	108,692
	590,576	704,295
Marketing and Sales	–	6,815
Beautiful British Columbia Magazine	2,110,082	–
Interest income	161,480	450,611
Other	2,261	–
	163,741	450,611
	$7,345,455	$5,344,133

®Official Mark of Tourism British Columbia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

11. ***Acquisition of Beautiful British Columbia Magazine***

Effective June 15th, 2001, Tourism British Columbia acquired the sole outstanding share of the Beautiful British Columbia Magazine for $1. Results of operations from that date are included in these financial statements.

The following summarizes the assets acquired and liabilities assumed at the acquisition date.

	June 15, 2001
Current assets	$550,555
Capital assets	22,630
Intangible assets	5,578,099
Current liabilities	(548,022)
Deferred revenue	(1,603,261)
Promissory note	(4,000,000)
Purchase Price	$1

Tourism British Columbia received a $4,000,000 cash donation which was applied to pay off the promissory note.

12. ***Writedown of intangible asset (Beautiful British Columbia Magazine)***

The $5,578,099 of acquired intangible assets (Note 11) is assigned to the subscriber list of the magazine. Review of the intangible asset valuation as at year-end indicated an impairment in value of $4 million and the carrying value has been reduced to reflect its estimated fair value of $1,578,099 as at March 31, 2002. The valuation of the subscriber list was based on a projection of management's best estimate of operating cash flows of the magazine as at March 31, 2002. Decreasing subscriptions and an aging customer base contributed to the impairment in value.

13. ***Comparative figures***

Certain comparative figures in the financial statements have been restated to conform with the current year presentation. The comparative figures are only those of Tourism British Columbia as there were no subsidiary operations during 2001.

Corporate Governance

Corporate Governance Practices

Tourism British Columbia became a Crown corporation when the *Tourism British Columbia Act* was passed by the British Columbia legislature in June 1997. The *Act* was retroactive to April 1, 1997 and established the basis of corporate governance.

A Memorandum of Understanding between the Ministry of Small Business, Tourism and Culture and Tourism British Columbia was signed October 7, 1997. This agreement provides greater detail about the corporation's administration, as well as operating practices and procedures. These include procedures for solicitation, nomination and approval of Board members; appointment of the Chair of the Board; terms of appointment for Board members; approval and appointment of the CEO; timing of revenue flow to the corporation from the Hotel Tax; mutual satisfaction regarding the corporation Business Plan of the Minister and the Board; and transfer of assets.

Roles and responsibilities of the Board and CEO/Staff

In fulfilling its responsibilities under the *Act*, at a special meeting of Tourism British Columbia's Board of Directors held on October 6, 1997, the Board determined that it would function as a policy Board, with responsibility for achieving results delegated to the CEO. The Board provides final approval for matters concerning planning, budget, CEO contingency, financial policy, human resource policy and performance measures. They are also involved in approving within the Service Plan, items such as capital purchases, leases and major repairs. The full Board meets quarterly; there are seven standing Advisory Committees that also meet a minimum of once a quarter, with the exception of the Membership/Nomination Committee and the Compensation Committee. The remaining committees include the Executive Committee, Finance and Administration Committee, Business Development Committee, Marketing and Sales Committee and the Tourism Operations Committee.

The CEO and staff are entirely responsible for day-to-day operations including the development and implementation of the annual Service Plan, the determination of an annual operating budget and establishment of all staff assignments.

2001/02 Board of Directors

Michael Duggan, *Chair*
Michael Duggan was appointed to the Board in 1999 and became chair in April 2001. General manager of the Pan Pacific Lodge in Whistler, he is also marketing chair of the Canada West Ski Areas Association.

Peter Armstrong, *Vice-Chair*
Peter Armstrong was appointed to the Board in 1999 and became vice-chair with his reappointment in April 2001. He is president and CEO of the Great Canadian Railtour Company Limited, past chair of Tourism Vancouver and a board member of the World Tourism & Travel Council.

Jean Anderson DMATP, *Past Chair*
Jean Anderson joined the Board in 1996, was appointed chair in 1998, and became past chair in April 2001. She is past president of the Vancouver, Coast & Mountains Tourism Region and past chair of the British Columbia Association of Festivals and Events. Ms. Anderson is also a former director of the British Columbia Chamber of Commerce.

Frank Bourree
Frank Bourree was appointed to the Board in April 2001. He is a certified management consultant and director of tourism consulting at the Victoria offices of Grant Thornton Chartered Accountants and Management Consultants.

Gerry Bruno
Gerry Bruno was appointed to the Board in April 1998. He is President and CEO of InterVISTAS Consulting Inc. and a board member of Tourism Vancouver and the Prince Rupert Port Authority.

Beth Campbell
Beth Campbell was appointed to the Board in April 2000 and is owner and president of Penticton's Best Western Inn and a governor for Best Western International. She is a former mayor of the City of Penticton and is a past president of the Penticton Hotel Association and the Penticton Chamber of Commerce.

Scott Fraser
Scott Fraser was appointed to the Board in April 2001. A past mayor of the District of Tofino and past operator of Fraser's View Bed & Breakfast in Tofino, he has served on the boards of the Alberni/Clayoquot Regional District and the Clayoquot Sound Biosphere Working Group.

Kelley Glazer
Kelley Glazer was appointed to the Board in April 2001. Director of sales and marketing for the Ramada Hotel Downtown in Prince George, she has served as president of the Northern British Columbia Tourism Association and as a director of the Council of Tourism Associations of British Columbia.

Patrick Kelly
Patrick Kelly was appointed to the Board in 1999 and reappointed in April 2001. He is currently regional vice president of Fairmont Hotels & Resorts and general manager of the Fairmont Hotel Vancouver, and is also past chair of Tourism Vancouver and a board member of the Vancouver Board of Trade.

April Moi
April Moi was appointed to the Board in 2000 and reappointed in April 2001. She is the executive director of the Northern Rockies Alaska Highway Tourism Association in Fort St. John, which is responsible for coordinating and promoting visitor activity within northeastern British Columbia. She has extensive experience in festival and event coordination.

2001/02 Board of Directors

Sue Morhun
Sue Morhun was appointed to the Board in 2000 and reappointed in April 2001. Manager of Community and Heritage Services for the Township of Langley, she has promoted the history of British Columbia for more than 25 years and has received several awards for her leadership in heritage preservation and museology.

Beverley O'Neil
Beverley O'Neil was first appointed to the Board in July 1997 and reappointed in April 1999. She is president of O'Neil Marketing and Consulting and Numa Communications Ltd. in West Vancouver, and has been involved in Aboriginal economic development including tourism development and marketing training for tribal councils, bands and other organizations.

Catharine Read
Catharine Read was the Deputy Minister with the Ministry of Small Business, Tourism and Culture and was appointed to the Board in 2000 and reappointed in April 2001.

Stephen Smith DMATP
Stephen Smith was appointed to the Board in April 2000. General manager of the Crest Hotel in Prince Rupert, Mr. Smith is a longtime director of the British Columbia & Yukon Hotels' Association and is a past president of the Northern British Columbia Tourism Association.

Kevin Walker
Kevin Walker was appointed to the Board in April 2000. Mr. Walker is president and general manager of Victoria's Oak Bay Beach Hotel and Marine Resort and of Pride of Victoria Cruises & Tours. He is also past president of the Council of Tourism Associations of British Columbia and the British Columbia & Yukon Hotels' Association.

Nick Worhaug
Nick Worhaug was appointed to the Board in July 1997. He is president of the Hotel, Restaurant and Culinary Employees' and Bartenders' Union Local 40, a Hotel Employees & Restaurant Employees International Union vice president for Western Canada and vice president of the British Columbia Federation of Labour.

New Directors for 2002/03:

John Korenic

John Korenic was appointed to the Board in March 2002. He is the aviation marketing director for the Vancouver International Airport Authority. He was also formerly a director of Pacific and Europe alliances for Canadian Airlines International Ltd. and worked with Wardair Canada Inc.

Charles McDiarmid

Charles McDiarmid was appointed to the Board in March 2002. He is the general manager of the Wickaninnish Inn in Pacific Rim National Park. He also served as Tourism Vancouver's sales director after working for the Four Seasons Hotel Group in management positions in Calgary, Newport, Seattle and Washington, D.C.

Stuart McLaughlin

Stuart McLaughlin was appointed to the Board in March 2002. He is the president of Grouse Mountain Resorts and director of the Mountain Experience for the Kicking Horse Mountain Resort.

Allen Tozer

Allen Tozer was appointed to the Board in March 2002. He is with Lexlaur Properties Inc. He was formerly president of the Thompson Okanagan Tourism Association in 1998, and of its precursor – the Okanagan Similkameen Tourism Association – from 1995 to 1998, after serving five years as a director

In addition, Tourism British Columbia was privileged to have several key industry representatives from throughout the province serve as Directors between 1997 and 2001:

Myrna Boulding, Campbell River
Pat Corbett, 108 Mile Ranch
Claudette Everitt, Vernon
John Gow, Vernon
Jack Lee, Richmond
Greg McDougall, Vancouver
Don Monsour, Victoria
Judith Parkin, Prince Rupert
Sue Popesku, Fort St. John
Carol Seable, Fairmont Hot Springs
Lyn Tait, Victoria
John Williams, Vancouver

Tourism British Columbia Officers

Rod J. Harris, *President and Chief Executive Officer*
Rod Harris was appointed President and CEO of Tourism British Columbia by the Board of Directors upon its establishment as a Crown corporation in 1997. He has held senior management positions in the private and public sectors, and currently serves on the Boards of the Vancouver 2010 Bid, the Canadian Tourism Commission and the Pacific Asia Travel Association.

Grant Mackay, *Vice President, Marketing and Sales*
Grant Mackay was appointed Vice President of Marketing and Sales in 1997, and is responsible for developing Tourism British Columbia's marketing and sales strategies. Grant joined Tourism British Columbia in 1995 after 17 years of management experience in the packaged-goods industry.

Rick Lemon, *Vice President, Tourism Operations*
Rick Lemon was appointed Vice President of Tourism Operations in 1997 and has been with Tourism British Columbia for 18 years. He is responsible for visitor services, retail operations, accommodations and training services. Rick designed the groundbreaking SuperHost® training program and has been extensively involved with tourism development throughout British Columbia.

Don Foxgord, *Vice President, Business Development*
Don Foxgord was appointed Vice President of Business Development in 1997 and is responsible for business development, marketing services, corporate communications and industry development. He joined Tourism British Columbia in 1987 after four years as regional manager of the British Columbia Rockies tourism region and has extensive experience in developing tourism around the province.

Len Dawes, *Chief Financial Officer/Director of Corporate Services*
Len Dawes was appointed CFO/Director of Corporate Services in 1998, and is responsible for Tourism British Columbia's financial, information and administrative systems. Len is a chartered accountant with broad experience in the public, private and not-for-profit sectors.

Rose Moss, *Director, Human Resource Development*
Rose Moss was appointed Director of Human Resources in 2000. She is responsible for developing and implementing Tourism British Columbia's human resource infrastructure, which includes compensation, performance management, career development, recruitment, succession and labour relations. She has extensive HR experience in the private and public sectors.

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Glossary & Office locations

Glossary

CTC – Canadian Tourism Commission
DMO – Destination Marketing Organization
DMS – Destination Management System
FIT – Fully Independent Travel
HRD – Human Resource Development (BC Tourism HRD Task Force)
RDMO – Regional Destination Marketing Organization
SNBC – Super, Natural British Columbia Reservation and Information Service
TAMS – Travel Activities & Motivations Survey
TAWNC – Tourism Association of Western and Northern Canada
TBC – Tourism British Columbia
TIC – Tourism Industry Conference
VIC – Visitor Info Centre
WED – Western Economic Diversification
YVR – Vancouver International Airport

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